



UNIVERSITI PUTRA MALAYSIA

**RELATIONSHIP BETWEEN JOB SATISFACTION
WITH INTENTION TO TURNOVER:
A STUDY ON MALAYSIA FRANCE INSTITUTE**

Brian See Mei Chiat

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Master of Business Administration
Malaysian Graduate School of Management
Universiti Putra Malaysia

1999



DECLARATION

I hereby declared that this work is of my own efforts
except for quotations and summary whereby the
source for each has cited.



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(BRIAN SEE MEI CHIAT)

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ABSTRACT

See Mei Chiat. MBA, University Putra Malaysia, September 1999.
Relationship between Job Satisfaction and Intention to Turnover: A Study
on Malaysia France Institute. Supervisor: Associate Professor Dr. Zainal
Abidin bin Kidam.

The purpose of this study is to identify the relationship between job satisfaction with turnover intentions of Malaysia France Institute employees. The instrument employed was the Minnesota Satisfaction Questionnaire (MSQ) (Weiss et al., 1967) to measure job satisfaction, and a four-items adapted from Hunt, Osborn and Martin (1981) was used to measure intention to turnover. The Pearson correlation, T-test, and ANOVA test were used to determine the relationships and differences between variables.

A total of 130 self-administered questionnaire was distributed to all MFI employees and 72 (55.38%) responses were collected. The results showed that more than half (55.6%) of MFI employees were either satisfied or very satisfied with their current job and only 5.6% have low job satisfaction. The main job satisfiers in MFI were the job activity and relationship among co-workers. Meanwhile the main job dissatisfiers were company policy and practices, and job advancement.

Though it was found that job satisfaction has a moderate negative relationship ($r=-0.397$, $p<0.01$) with overall intention to turnover, the intention to turnover in MFI was high too. Only 8.3% respondents have low turnover intention, while 30.6% have high turnover intention and the other 61.1% have moderate turnover intention level.

Other findings obtained like age, salary and working tenure did not have any significant relationship with both job satisfaction and turnover intention. Job satisfaction and intention to turnover also did not differ by gender and academic qualification.

The analysis confirms that the measures of job satisfaction exert an inverse relationship with intention to turnover. That is, the higher levels of job satisfaction are associated with lower levels of intention to turnover. However, the situation in MFI was a little different, where high level of job satisfaction does not guarantee low intention to turnover.

The probable reason behind the finding was that though the MFI employees are satisfied with their current job, they perceive that there are better job opportunities available elsewhere.

ABSTRAK

See Mei Chiat, MBA Universiti Putra Malaysia, September, 1999.
Hubungkaitan antara Kepuasan Bekerja dan Keinginan Berhenti Bekerja:
Satu Tinjauan di Malaysia France Institute.
Penyelia: Profesor Madya Dr. Zainal Abidin bin Kidam.

Tujuan tinjauan ini adalah untuk mengenalpasti hubungkaitan antara kepuasan bekerja dan keinginan berhenti bekerja di kalangan pekerja-pekerja Malaysia France Institute. Instrumen yang digunakan untuk mengukur kepuasa bekerja adalah Minnesota Satisfaction Questionnaire (Soal-selidik Kepuasan Minessota, MSQ) (Weiss et al, 1967) dan soal-selidik yang telah diubahsuai dari Hunt, Osborn dan Martin (1981) digunakan untuk mengukur keinginan berhenti bekerja. Korelasi Pearson, ujian-T dan ujian ANOVA telah digunakan untuk menentupasti hubungkaitan dan perbezaan min antara pembolehubah-pembolehubah tersebut.

Sejumlah 130 kertas soal-selidik telah diedarkan kepada kesemua pekerja di MFI dan sebanyak 72 (55.38%) borang soal-selidik telah berjaya diperolehi. Hasil kajian mendapati bahawa terdapat lebih dari separuh (55.6%) pekerja-pekerja di MFI berasa puashati atau sangat puas hati dengan pekerjaan mereka. Hanya 5.6% sahaja yang mempunyai tahap kepuasan bekerja yang rendah. Faktor-faktor perangsang kepuasan yang paling utama adalah aktiviti pekerjaan dan interaksi antara rakan sekerja. Manakala faktor-faktor perangsang kepuasan yang paling lemah adalah perlaksanaan polisi syarikat dan peluang kemajuan pekerjaan.

Walaupun didapati kepuasan bekerja mempunyai hubungkaitan negatif ($r=-0.397$) dengan keinginan berhenti bekerja tetapi tahap tahap keinginan berhenti bekerja adalah tinggi. Hanya 8.3% responden mempunyai keinginan berhenti bekerja yang rendah, 30.6% mempunyai tahap keinginan berhenti bekerja yang tinggi dan 61.1% yang lain mempunyai tahap keinginan berhenti bekerja yang sederhana.

Hasil analisa kajian juga mendapati umur, pendapatan dan tempoh bersama syarikat tidak mempunyai hubungkaitan signifikan dengan kepuasan bekerja serta keinginan berhenti bekerja. Kepuasan bekerja dan keinginan berhenti bekerja juga tidak menunjukkan sebarang perbezaan min di antara jantina dan kelayakan akademik.

Hasil analisa mengesahkan bahawa kepuasan bekerja menunjukkan hubungkaitan songsang dengan keinginan berhenti bekerja, iaitu semakin tinggi tahap kepuasan bekerja maka semakin rendah keinginan berhenti bekerja. Namun demikian, situasi di MFI adalah agak berbeza di mana tahap kepuasan bekerja yang tinggi tidak akan menjamin penurunan tahap keinginan berhenti bekerja.

Mungkin salah satu daripada sebab keatas hasil kajian ini adalah, walaupun secara amnya pekerja-pekerja MFI berpuashati dengan pekerjaan masing-masing tetapi mereka mempunyai persepsi bahawa terdapat lebih banyak peluang pekerjaan yang menjanjikan masa depan yang lebih cerah.

CHAPTER 1

INTRODUCTION

1.1. Background

It has been the vision of Malaysia France Institute (MFI) to emerge as one of the best technical training centers in the region. With this high hope, MFI has been planning and implementing strategic moves toward attaining highly competent and qualified trainers/employees, and using some of the most advanced training and business tools in order to produce high quality results. However, due to high rate of employee turnover recently, MFI long-term human resource plan was interrupted. Many capable employees left the organization within two years in the organization and employees' job performance was not up to expectation. These were obviously not healthy signs for MFI because the entire organization performance would gradually deteriorate and its growth would come to a halt.

Most of the organizations will not be looking forward to high employee turnover rate. Costs in recruiting, orientation, training and development, potentiality, and dismissal are some of the basic aspects that the organization will lose out if one of its employees quits the job (Cascio, 1991). It was found that one of the better predictors for turnover intention and behavior was job satisfactions. Mobley (1982) found that job satisfaction would reduce the likeliness of an employee to leave the organization.

Generally, previous researches had suggested that high job satisfaction will lead to positive consequences such as productivity, performance, work commitment, attendance, participation, retention rate and loyalty (Shore & Martin, 1989; Wright, 1990; Welsch & La Van, 1981; Gupta, 1980). Therefore, it is obvious that increasing employees' job satisfaction is one of the first steps in increasing an organization's wealth.

1.2. Higher Learning Institution in Malaysia

The number of higher learning institution in Malaysia has increased tremendously since Dato' Seri Najib Tun Razak headed the Ministry of Education back in 1996. There are approximately 415 units of private education institutions and more than 1000 units of public or governmental education institutions (Ministry of Education, 1998). Due to the higher demand over supply for educators/teachers/lecturers/trainers, 'strategic moves' are used to attract capable and reputable teaching forces. Thus, job skipping is a common practice nowadays. In order to attract them, more attractive terms and conditions regarding compensations, working conditions, and working hours were offered by these institutions. Some educators/teachers/lecturers/trainers are easily attracted but some are not, is there any other cause besides these variables? According to Dato' Seri Najib, the practice of job skipping is actually defeating the values and philosophies of education. As an educator, one should teach because of the knowledge sharing and learning processes and not due to the material benefits of it.

If the war among the institutions continues, financially weaker institutions (such as newly public or governmental and smaller institutions) will definitely not be able to sustain their business.

1.3. Malaysia France Institute Organization Profile

Malaysia France Institute (MFI) is a co-operation project between France and Malaysia. It is an advanced technical training center in the fields of engineering specializing in automation, electrical, robotic, mechanical and maintenance and it is fully supported by the Malaysian government. It was incorporated in February 1995 as a joint project between the Malaysian government and the French government. The French partner is being represented by JF Bocard and the Association de Formation Professionnelle de l'Industrie rhodanienne (AFPI), while MARA is the Malaysian partner.

1.3.1. MFI Organization's Mission

MFI offers Professional Diploma in Industrial Technology in new areas that are much in need by the industry and the country in general. MFI main mission is to produce highly qualified and competent technologists who will be the liaison between the engineers and the skilled workforce. As we know, Malaysia is moving towards a fully high technology era by the year 2020. And thus, there is today a high demand for technologists with skills and a high level of adaptation; this demand is expected to be greater in the coming future. In accordance with this, MFI

was incorporated to furnish this need by producing more technologists to satisfy the industry.

1.3.2 The Board of Directors of MFI

There are altogether eight members on the Board of Directors, out of which five are Malaysians and three are French. Malaysia is being represented by MARA through its Director General who is also the Chairman of the MFI Board of Directors, Director of Vocational Division of MARA, the Ministry of Entrepreneur and Development, the Ministry of Finance, and the Ministry of Human Resources through the National Vocational Training council. The French Ambassador, Vice President of MBF Peugeot and the Managing Director of MFI are the other members of the Board.

1.3.3. The MFI Workforce

MFI was managed by a group of French experts at the top positions of various technical studies department and administrative departments. However, the present management team has changed dramatically, and the positions of foreign expatriates are successfully replaced by caliber locals.

The managing director, Mr. Ghazali bin Abdul Manaf, is at the top of the organization chart with ten departments under him (refer Appendix A). Generally, MFI employees, with a total number of 130 individuals, can be divided into three main groups, namely: (a) the management – consists of the managing director, deputy managing director and heads of department

(10 persons); (b) the academic staff – all lecturers in MFI (approximately 82 persons); and (c) the non-academic staff – other staff such as executive secretaries for all the Head of Departments, librarians, the maintenance staff, technicians, wardens and executives (approximately 38 persons).

1.4. Statement of Problem

Employees turnover means a loss of asset for an organizations, due to personnel costs incurred when employees quit, such as those for recruitment, orientation, and training for new replacements (Cascio, 1991). For instance, the total training cost for MFI employees for the year 1998 was almost RM120,000, which means the average training cost per employee for that year was about RM800. Besides training, MFI also invested a huge sum of money in providing better environments, both on the job (e.g., imported technical journals, textbooks, guides; and high-tech teaching aid materials), and off the job (e.g., recreational activities, and loans/grants) to its employees. If an employee leave MFI, the money spent on him/her will be considered as sunk cost and MFI will need to fork out additional money on the new replacement.

The Malaysian economy went through a recession period from the 4th quarter of 1997 until the end of 1998. During that period, retrenchment rate was high and the job market was very bad, thus people were most unlikely to change their job. However, the turnover rate in MFI was considerably high, where 14 out of 136 or 10.29% of its employees quit their job from October 1997 to October 1998.

In 1997 alone, the average turnover rate in MFI was 1.58 employees per month (or 19 out of 115). The worse part was most (73.68%) of the employees who left MFI were from the professional segments (technical lecturers/engineers, executive level administrators and experienced lecturers). According to the personnel executive, the high turnover rate was mainly due to some similar factors such as compensation, career developing and advancement plans, and poor company policy enforcement.

No formal study has been done on this matter but the personnel executive conducted some informal face to face interviews with some of the employees, who sent in their resignation letter. It was found that their overall job satisfaction levels were either moderate or low. Studies have shown that job satisfaction has a significant association with turnover intentions (Ferris & Aranya, 1983; Hom, Katerberg & Hulin, 1979; Mowday, & Steers, 1979; O'Reilly & Caldwell, 1981). Shore and Martin (1989) found that job satisfaction has a significant negative relationship ($r=-0.60$) with the intention to turnover, and intention to turnover has a very high relationship with the actual turnover behavior (Steel & Ovalle's, 1984). Hence, we can assume that job dissatisfaction caused these employees to quit their job in MFI.

The knowledge of the intentions of those employees who have already decided to quit might be known but how about those who haven't reached that extreme? This knowledge is very limited, therefore there is a need to find out where the employees satisfaction and their intention to turnover

levels are at the moment. With the knowledge of these, it should help MFI significantly in determining the employees' positions before it is too late.

1.5. Purpose and objectives of the Study

The major purpose of this study was to identify the relationships between overall job satisfaction with overall intention to turnover of Malaysia France Institute employees.

As a means of accomplishing this purpose, the following objectives were pursued:

- (a) to identify the overall job satisfaction level and overall intention to turnover level of MFI employees,
- (b) to identify the main factor that contributes to job satisfaction (satisfier) of MFI employees,
- (c) to identify the main factor that contributes to job dissatisfaction (dissatisfier) of MFI employees,
- (d) to identify the relationship between age, working tenure and salary (pay) with overall job satisfaction and overall intention to turnover of MFI employees, and
- (e) to determine the differences of overall job satisfaction and overall intention to turnover by gender and academic qualification.

1.6. Hypotheses of the Study

Concerning the job satisfaction and intention to turnover issues, this study tested the following hypotheses:

- H1: There is no significant relationship between age and overall job satisfaction among MFI employees,
- H2: There is no difference in overall job satisfaction by gender among MFI employees,
- H3: There is no difference in overall job satisfaction as related to academic qualification among MFI employees,
- H4: There is no significant relationship between salary and overall job satisfaction among MFI employees,
- H5: There is no significant relationship between working tenure and overall job satisfaction among MFI employees,
- H6: There is no significant relationship between age and overall turnover intention among MFI employees,
- H7: There is no difference in overall intention to turnover by gender among MFI employees,
- H8: There is no difference in overall intention to turnover as related to academic qualification among MFI employees,
- H9: There is no significant relationship between salary and overall turnover intention among MFI employees,
- H10: There is no significant relationship between working tenure and overall turnover intention among MFI employees, and
- H11: There is a negative relationship between job satisfaction and turnover intentions.

1.7. Significance of Studies

Basically this study is of some significance to two main groups of people, namely, the employer (MFI) itself and the employees (the MFI staff). MFI can use the outcome of the study as a guideline to identify and understand the employee job satisfaction and turnover intention better; identify the main job satisfier and job dissatisfier; and relate the job satisfaction variables with employee intention to leave the company.

Besides that, the data can also be used as a reference in the future when new company policies/administration systems are introduced or implemented. A comparison can be made to ensure the new company policies/administration systems are on the right track in promoting better working condition.

Meanwhile, the MFI staff can take this study as an alternative channel to express their feelings towards the job nature itself, working conditions, company policies, colleagues and other environments.

CHAPTER 2

LITERATURE REVIEW

2.1. Job Satisfaction

Locke (1976) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. Heneman et al. (1989) gives a definition on job satisfaction which views job satisfaction as depending on an evaluation the employee makes of the job and the environment surrounding the job. This evaluation depends on two components (a) what the employee actually experiences at work, the *what is* and (b) what values or desires for rewards the employee brings to the workplace, the *what should be*. Satisfaction will be high when *what is* corresponds with *what should be* and vice versa. French (1994) states that job satisfaction can be defined as a person's emotional response to aspects of work (such as pay, supervision, and benefits) or to the work itself.

Job satisfaction has received considerable attention from industrial and organizational psychologists, management scientists, and sociologist for the past decades. There has been a great deal of research conducted on the job satisfaction since the industrialization era and according to Locke, as many as three thousand studies had been conducted on job satisfaction alone by the time he finished his study in the year 1976. Much of the interest in analyzing job satisfaction stems from concern for the behavioral consequences, such as productivity, attendance at work, turnover, retirement, participation, labor militancy, sympathy for unions, and

psychological withdrawal from work (Locke, 1976). Heneman et al. (1989) said, human resource managers and personnel are very much concerned about job satisfaction for two main reasons: (a) they believe that job satisfaction will influence employees' behavior as attendance and length of service. It is commonly assumed that increasing job satisfaction will increase productivity, thus the profitability of the organization; and (b) they view employees as a group to satisfy, besides clients, customers, and investors. A positive satisfaction provides evidence that the employer is doing the right thing at that moment.

However, not all analysts agree that job satisfaction is useful for predicting organizationally relevant behavior, such as turnover. Hodson (1991) argues that the concept of job satisfaction is severely flawed because "it lacks behavioral referents, its connection with productivity is based on a naïve theory of human behavior, it is too summary a measure of workers' complex cognitive structures, and it is too individualistic".

On the other hand, Roznowski and Hulin (1992) maintain that well constructed, validated scales of job satisfaction are "the most informative data an organization psychologist or manager can have" for predicting organizationally relevant behavior in individuals. Rosnowski and Hulin state that low levels of job satisfaction create one (or more) type of undesirable behavior. Firstly, dissatisfied individuals may attempt to increase job outcomes by stealing, using work time to pursue personal tasks, or by moonlighting. Secondly, they may withdraw from the job psychologically as manifested in such behavior as not attending meetings,

drinking on the job, or wandering about trying to look busy. Thirdly, dissatisfied employees may practise behavioral withdrawal from the job as in absenteeism, turnover, or early retirement. Finally, employees may undertake specific change behaviors that attempt to alter the work situation. This may include remaining in a particular job and trying to affect changes through union or other activity, or it may involve attempts to change the locus of the job through transfer or demotion (Roznowski & Hulin, 1992).

2.2. Job Satisfaction of Adults

Nash (1985) found that the nature of job satisfaction indicated in the industrial world, is as follows:

- (a) work varies in importance from one individual to another individual. Job satisfaction varies in its impact on an individual's satisfaction with life,
- (b) people who take this job as a prime interest experience high levels of job satisfaction if they are doing work that uses their skills,
- (c) job satisfaction changes with age and the employment cycle,
- (d) certain organizational characteristics influence job satisfaction,
- (e) job satisfaction is an indicator of an employee's motivation to come to work, but it influences job performance only indirectly,
- (f) job satisfaction is attributed to not one but many factors,

(g) the intrinsic nature of the job itself is a major factor. An individual who genuinely likes the content of the job will be more satisfied with it,

(h) industrial workers want jobs with high pay, high security, promotional opportunity, fewer hours of work, and friendly supervision,

(i) if it demands considerable effort to get a job (through education, experience or achievement), if one can make a lot of money at it, if one cannot think of any other alternatives, then one should be highly satisfied with the job.

Nash, in the same research, also identified that the top ten factors influencing job satisfaction of the two genders were different. The male employees ranked security as the most important factor influencing their satisfaction, followed by job advancement, type of work, company/organization, pay, co-workers, supervision, benefits, working hours, and work conditions. The female employees were very much concerned about the type of work they were doing in determining their satisfaction level. This was followed by the company they were working for, the security aspects, their co-workers, job advancement, supervision, pay, working conditions, hours and benefits. Contrary to these, the top ten universal job dissatisfiers were unclear responsibilities, never seeing the finished product, red tape, two-faced supervisors, poor working conditions, poor communications, getting transferred, getting a new boss, being in the wrong job and boredom.